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Attorneys for SwedSafe AB

IN THE UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

MOLDEX-METRIC, INC., a
California corporation,

Plaintiff,

v.

SWEDSAFE AB, a Swedish
company,

Defendant.

CASE NO. 2:18-cv-03502-JFW (AGRx)

JOINT RULE 26(F) REPORT

Scheduling Conference

Date: November 5, 2018

Time: 1:15 p.m.

1 Pursuant to the Court’s Order Setting Scheduling Conference (Dkt. 28) and
2 Federal Rule of Civil Procedure 26(f), Plaintiff Moldex-Metric, Inc. (“Moldex”) and
3 Defendant SwedSafe AB (“SwedSafe”) submit this Joint Rule 26(f) Report.
4 Counsel met and conferred on October 10, 2018.

5 **I. JURISDICTION**

6 This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1332.
7 Moldex alleges that the amount in controversy exceeds \$75,000, exclusive of
8 interests and costs. SwedSafe is not contesting personal jurisdiction or venue for
9 purposes of this litigation only. Finally, no parties remain to be served at this time.

10 **II. STATEMENT OF THE CASE**

11 **A. Plaintiff’s Statement of its Claims**

12 Moldex, a California corporation in Culver City, has been an industry leader
13 in manufacturing and selling hearing protection equipment including earplugs since
14 1982. In that same year, Moldex began selling the very first foam earplug bearing a
15 bright green color. Since then, Moldex has sold billions of bright green foam
16 earplugs. But as often comes with success, Moldex’s products became a target for
17 infringement by competitors. One such competitor is Defendant SwedSafe.

18 In 2011, Moldex brought a trademark infringement action against SwedSafe
19 and third-party McKeon Products, Inc. (“McKeon”) in *Moldex-Metric, Inc. v.*
20 *McKeon Products, Inc.*, Case No. 11-cv-01742-CBM (AGRx) (the “2011 McKeon
21 Case”). Moldex and SwedSafe reached a settlement in October 2011 (the
22 “Agreement”). The Agreement contained a cease and desist, pursuant to which
23 SwedSafe agreed to immediately cease and desist from “making, having made,
24 using, offering for sale, selling, exporting and/or importing the [infringing] Products
25 in the United States and Canada,” and to ensure its customers also did not distribute
26 and sell the infringing products within the U.S. *See* D.I. 7, Ex. 2 at §§ 2.1, 2.2.
27 Shortly thereafter, Moldex dismissed its case against SwedSafe. Contrary to
28 SwedSafe’s position statement below, the Agreement was negotiated and included a

1 provision stating that both parties were “fully advised and represented by legal
2 counsel during the negotiation, drafting, and executing of this [Settlement]
3 Agreement . . .” *Id.* at § 3.14. Moldex’s understanding is that SwedSafe is owned
4 by UVEX, a large and sophisticated multinational company.

5 SwedSafe admits that it has breached the Agreement by selling earplugs to
6 McKeon in a Pantone color identified as part of Moldex’s mark. In an effort to
7 resolve this case amicably, Moldex requested discovery relating to SwedSafe’s sales
8 to McKeon in breach of the Agreement that are directly relevant to the claims in
9 this case, *see infra* **Section VIII**, its fees and costs, and a permanent injunction
10 against “making, having made, using, offering for sale, selling, exporting and/or
11 importing in the United States and Canada” earplugs in *any* color that is confusingly
12 similar to Moldex’s mark. SwedSafe initially refused to pay *anything* for its breach
13 despite Moldex’s monetary demand for redressing the admitted infringement,
14 including more than \$100,000 in fees and costs for Moldex merely to effectuate
15 service (since SwedSafe would not otherwise waive service of process). Contrary to
16 Swedsafe’s representations, the Ninth Circuit in no uncertain terms rejected others’
17 challenges to the validity of Moldex’s mark (including its scope which Swedsafe has
18 mischaracterized) and the case against McKeon will proceed in due course to trial.
19 Accordingly, Moldex is left with no choice but to continue prosecuting its case
20 against Swedsafe.

21 **B. Defendant’s Statement of its Defenses**

22 SwedSafe is a small Swedish company that manufactures earplugs that it
23 primarily sells in Europe. In 2011, unfamiliar with the U.S. legal system or
24 trademark law, SwedSafe quickly entered into the Agreement with Moldex to end
25 its involvement in the 2011 McKeon Case. The Agreement was drafted by Moldex
26 and SwedSafe was not represented by counsel in the parties’ discussions, despite the
27 provision in the Agreement that says otherwise. The parties also agreed to an
28 Addendum, under which the Agreement is null and void if a Court finds that

1 Moldex's claimed trade dress is invalid or unenforceable and that decision is upheld
2 on appeal. In the 2011 McKeon Case, this Court has granted summary judgment
3 twice against Moldex, agreeing with McKeon that Moldex's claimed trade dress is
4 functional. The Ninth Circuit reversed, but the validity of Moldex's alleged trade
5 dress is once again being considered on summary judgment.

6 Since entering into the Agreement, SwedSafe changed its earplugs to a
7 Pantone color that was not identified as part of Moldex's claimed dress in the
8 Agreement. Unfortunately, due to SwedSafe's misunderstanding of the decisions in
9 the 2011 McKeon Case and administrative errors, SwedSafe shipped some earplugs
10 in an identified Pantone color to the U.S. During the parties' recent settlement
11 negotiations, as requested by Moldex, SwedSafe identified its sales to McKeon in a
12 prohibited Pantone color, and asked Moldex to make a monetary demand related
13 thereto. Moldex refused to do so. Previously, however, Moldex indicated it wanted
14 SwedSafe to pay over \$100,000 in attorneys fees that were allegedly incurred in this
15 case in which Moldex has only filed a complaint and served three document
16 requests and a deposition notice. More importantly, the Agreement does not provide
17 for the recovery of attorneys' fees in this breach of contract action. In addition,
18 contrary to Moldex's implication, SwedSafe was in no way obligated to waive the
19 required service requirements under the Hague Convention. SwedSafe also agreed
20 to enter into a consent injunction as part of a settlement that would prohibit it from
21 selling earplugs in the U.S. in the identified Pantone colors, unless and until a final,
22 non-appealable decision invalidates Moldex's alleged trade dress. Finally,
23 SwedSafe agreed to provide documents Moldex is seeking relating to another
24 lawsuit it recently filed against McKeon (*Moldex-Metric, Inc. v. McKeon Products,*
25 *Inc.*, Case No. 18-cv-06953-DSF (GJSx) (the "2018 McKeon Case")) even though
26 the majority of the requested documents are irrelevant to this case.

1 **III. DISPUTED POINTS OF LAW**

2 The parties dispute the legal impact of the Addendum to the parties'
3 Agreement. Moldex contends, consistent with the express terms of the Addendum,
4 that the underlying Agreement shall become null and void only if and from the date
5 that its bright green trademark becomes invalid or unenforceable and that decision is
6 upheld on appeal—otherwise SwedSafe could continue breaching the Agreement as
7 it has been indefinitely, all while arguing that the trademark may *eventually* be
8 invalidated. SwedSafe contends that a decision invalidating Moldex's mark renders
9 the Agreement null and void from its inception because Moldex will not and will
10 never have had protectable trade dress.

11 **IV. PRIOR, PENDING AND ANTICIPATED MOTIONS¹**

12 **A. Plaintiff's Position**

13 There are no prior or pending motions. Moldex anticipates filing a motion to
14 compel production of certain discovery related to SwedSafe's sale of earplugs to
15 McKeon in violation of the parties' Agreement. In addition, should SwedSafe file a
16 motion to stay this case pending resolution of the 2011 McKeon Case, Moldex will
17 oppose. There is no basis for a stay of this case based on the remote possibility that
18 Moldex's trademark *may* be found invalid in another case against another party at
19 some point in the future and the Ninth Circuit's reversals strongly indicate that it
20 most certainly will not. In any event, Moldex's claim against SwedSafe for
21 breaching their contract must be resolved independent of a potential future ruling
22 against Moldex's mark since the Agreement only becomes null and void
23 prospectively after a final and non-reviewable judgment.

24 A final and non-reviewable judgment in the 2011 McKeon Case may still be
25 years away. SwedSafe should not be allowed to continue to intentionally breach the
26

27 ¹ The parties' disclosure of dispositive or partially dispositive motions are
28 discussed in **Section XV** *infra*.

1 Agreement and cause harm to Moldex. The parties expressly acknowledged the
2 2011 McKeon Case in the Addendum to their Agreement and nevertheless did not
3 suspend or otherwise stay their obligations under the Agreement because of it.
4 Doing so now would deprive Moldex of the benefit of its bargain and provide
5 SwedSafe with a windfall and free pass to infringe and breach the Agreement.

6 **B. Defendant's Position**

7 SwedSafe intends to oppose any motion made by Moldex that seeks discovery
8 that is unrelated to the breach of contract claim at issue in this case. SwedSafe will
9 stipulate to its sales of earplugs in a Pantone color identified as part of Moldex's
10 claimed trade dress, and therefore believes this case should be able to be resolved
11 quickly without the need for further litigation. If this case does not settle in the near
12 term, SwedSafe anticipates making a motion to stay this litigation until the 2011
13 McKeon Case is resolved. Under the terms of the Addendum, the Agreement is null
14 and void if a final, non-appealable decision is entered that Moldex's claimed trade
15 dress is invalid or unenforceable. That case is far closer to trial than this one and is
16 potentially dispositive of the breach of contract claim in this case.

17 **V. AMENDMENT OF PLEADINGS AND JOINDER OF NEW PARTIES**

18 At this time, the parties do not anticipate amending the pleadings or joining
19 new parties; however, the parties' proposed deadline(s) for such activity is set forth
20 in **Exhibit A**.

21 **VI. INITIAL DISCLOSURES**

22 The parties agree to exchange Initial Disclosures on the date set forth in
23 **Exhibit A** and to supplement their discovery as required by Fed. R. Civ. P. 26(e).

24 **VII. CASE MANAGEMENT SCHEDULE**

25 **A. Discovery Propounded to Date and Scope**

26 **1. Plaintiff's Position**

27 Moldex served its First Set of Requests for Production and a Rule 30(b)(6)
28 Deposition Notice, respectively, on SwedSafe. Moldex has sought and will seek

1 discovery of the following facts: (1) Evidence of SwedSafe's intentional breach of
2 the parties' Agreement; (2) Evidence of SwedSafe's sales of the infringing product
3 to U.S. companies after execution of the parties' Agreement; (3) Evidence relating
4 to Moldex's damages; (4) Evidence related to Moldex's request for injunctive relief;
5 (5) Evidence relating to SwedSafe's defenses and counterclaims; (6) Discovery of
6 the opinions of any expert to be relied upon by SwedSafe; and (7) Any of the
7 subjects identified by SwedSafe and any additional discovery that may become
8 necessary as the parties' facts and arguments are developed. Notwithstanding
9 SwedSafe's position below, the foregoing discovery is unquestionably relevant to
10 the issues presented in this case. *See* Fed. R. Evid. 401.

11 2. Defendant's Position

12 SwedSafe will stipulate to selling earplugs in the U.S. in a Pantone color
13 identified in the Agreement as part of Moldex's claimed trade dress. Therefore, the
14 only remaining issue in this case is the amount of compensatory damages Moldex
15 can recover, if any, if the Agreement is valid and enforceable. SwedSafe will
16 provide discovery and seek discovery relevant to Moldex's breach of contract claim
17 and SwedSafe's defenses thereto, including (1) documents evidencing SwedSafe's
18 sales of earplugs in the U.S.; (2) discussions between Moldex and SwedSafe before
19 entering into the Agreement; and (3) documents evidencing the status of the 2011
20 McKeon Case. SwedSafe also anticipates taking third-party discovery regarding
21 inventory and actual sales of earplugs SwedSafe in the U.S.

22 Moldex, however, is currently seeking discovery that is overbroad and
23 irrelevant to its breach of contract claim and compensatory contract damages,
24 including all documents and communications between SwedSafe and McKeon
25 regardless of subject matter and all documents and communications relating to
26 bright green earplugs sold by SwedSafe regardless of the location of such sales or
27 the Pantone color of the earplugs.

28

1 **B. Discovery Limitations**

2 Document Requests:

3 **i. Plaintiff's Position**

4 Moldex proposes document requests per the Federal Rules.

5 **ii. Defendant's Position**

6 SwedSafe proposes a limit of 50 document requests.

7 Requests for Admission:

8 **i. Plaintiff's Position**

9 Moldex proposes requests for admission per the Federal Rules.

10 **ii. Defendant's Position**

11 SwedSafe proposes a limit of 35 requests for admission, not including those
12 for the purpose of authentication only. Both parties agree an unlimited number of
13 requests for admission per side may be served to establish the authenticity of
14 documents or the business record exception to the hearsay rule under Fed. R. Evid.
15 803(6), provided that parties may object to requests as creating an undue burden.

16 Interrogatories: Pursuant to Rule 33(a), the parties may each serve a
17 maximum of 25 interrogatories.

18 Depositions: The parties shall be permitted to each take a combined 50 total
19 hours of non-expert oral deposition testimony (i.e., party fact depositions and third
20 parties, including depositions of witnesses deposed under Rule 30(b)(6)).

21 **C. Discovery Plan**

22 The parties agree upon the discovery schedule set forth in **Exhibit A**.

23 **VIII. RELATED CASES**

24 On April 25, 2018, Moldex filed a Notice of Related Case identifying the
25 2011 McKeon Case before Judge Marshall. Dkt. 5. Separately, on August 14,
26 2018, Moldex filed a Notice of Related Case in the 2018 McKeon Case, identifying
27 the present action as related thereto. On August 20, 2018, Your Honor declined the
28 transfer related to the second filing citing "Different parties; different claims; no

1 substantial duplication of labor if heard by a different Judge.” *See* Case No. 18-cv-
2 06953-DSF (GJSx) at Dkt. 12.

3 SwedSafe contends that the 2011 McKeon Case, is related to this case and
4 this case should be transferred accordingly. Under the terms of the Addendum, if a
5 final decision that Moldex’s claimed trade dress is invalid or unenforceable is
6 entered in the 2011 McKeon Case, and upheld on appeal, the Agreement between
7 Moldex and SwedSafe is null and void. For this reason, SwedSafe intends to seek a
8 stay of this case until the 2011 McKeon Case is resolved. Moldex disagrees with
9 SwedSafe’s position for the reasons articulated in **Section IV.a** *supra*.

10 **IX. RELIEF SOUGHT**

11 **A. Plaintiff’s Position**

12 Moldex is seeking damages caused by SwedSafe’s breach of the Agreement,
13 including but not limited to at least lost profits, and other available damages to be
14 proven at trial. Moldex is also seeking injunctive relief, namely to enjoin
15 SwedSafe’s continued breach of the Agreement through manufacture, distribution
16 and/or sale of the bright green earplugs in the United States. Last, Moldex seeks
17 prejudgment interest, post-judgment interest, attorneys’ fees and costs and any
18 further and additional relief as the Court may deem just and proper.

19 **B. Defendant’s Position**

20 The only claim in this case is for breach of contract. Therefore, SwedSafe’s
21 damages are limited to compensatory contract damages if the Agreement is valid
22 and enforceable.

23 **X. CERTIFICATION OF INTEREST**

24 **A. Plaintiff’s Position**

25 Moldex filed its Notice of Interested Parties concurrent with its complaint on
26 April 25, 2018. *See* Dkt. 4. Pursuant to the Court’s Order Setting Scheduling
27 Conference, *see* Dkt. 28, Moldex restates the contents of its Notice below:
28

Pursuant to Central District of California Local Rule 7.1-1, the undersigned counsel of record for plaintiff MOLDEX-METRIC, INC., certifies that no others have a pecuniary interest in the outcome of this case. These representations are made to enable the Court to evaluate possible disqualification or recusal.

B. Defendant's Position

SwedSafe filed its Notice of Interested parties concurrent with its Answer to the Complaint on September 28, 2018. *See* Dkt. No. 27. Pursuant to the Court's Order Setting Scheduling Conference, *see* Dkt. No. 28, SwedSafe restates the contents of its Notice below:

Pursuant to Rule 7.1 of the Federal Rules of Civil Procedure and Local Rule 7.1-1, the undersigned, counsel of record for Defendant SwedSafe AB ("SwedSafe"), states as follows: SwedSafe is owned by Uvex Arbeitsschutz GmbH (80%) and two individuals (20%); and no publicly held corporation owns 10% or more of SwedSafe's stock.

XI. COMPLETION OF DISCOVERY, SUMMARY JUDGMENT, PRE-TRIAL AND TRIAL SCHEDULING

The parties agree on the dates for completion of discovery, hearing of motions, final pretrial conference and trial as set forth **Exhibit A**.

XII. JURY DEMAND AND LENGTH OF TRIAL

Both parties have requested that this case be tried by a jury. *See* Dkt. 1. The parties currently anticipate that trial will take no more than three (3) court days.

XIII. SETTLEMENT AND ADR SELECTION

The parties engaged in preliminary settlement discussions, but have not reached an agreement. SwedSafe believes that this case is one that can be resolved quickly and requests that the Court schedule an early settlement conference as described in ADR Procedure No. 1. If the Court is not inclined to do so, SwedSafe is willing to participate in private mediation in accordance with ADR Procedure No. 3, which is Moldex's preferred ADR method. The parties have agreed on a Mediation Deadline as set forth in **Exhibit A**.

1 **XIV. COMPLEX CASE**

2 The parties agree that this is not a complex case.

3 **XV. DISPOSITIVE MOTIONS**

4 The parties both anticipate bringing motions for summary judgment.

5 **XVI. UNUSUAL LEGAL ISSUES**

6 The parties agree that this case does not present any unusual legal issues.

7 **XVII. SEVERANCE, BIFURCATION, OR OTHER ORDERING OF PROOF**

8 **A. Plaintiff's Position**

9 Moldex does not currently anticipate severing, bifurcating, or otherwise
10 reordering its case at this time.

11 **B. Defendant's Position**

12 Because SwedSafe will stipulate to its sales of earplugs in Pantone colors
13 identified as part of Moldex's claimed trade dress, the focus of discovery, experts,
14 and trial in this case should be on the amount of compensatory contract damages
15 Moldex can recover, if any.

16 **XVIII. LEAD TRIAL COUNSEL**

17 Joseph M. Paunovich, lead trial counsel for Moldex, and Laura L. Myers, lead
18 trial counsel for SwedSafe, confirm that they are registered as "ECF Users" and
19 have the following "E-Mail Addresses of Record":
20 joepaunovich@quinnemanuel.com and lmyers@fredlaw.com, respectively.

21 **A. Electronic Service**

22 The parties consent to electronic service under Federal Rule 5(b)(2)(E).
23
24
25
26
27
28

1
2 DATED: October 26, 2018

Respectfully Submitted,

3
4 By /s/ Joseph M. Paunovich

5 QUINN EMANUEL URQUHART &
6 SULLIVAN, LLP

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11 Attorneys for Moldex-Metric, Inc.

12
13 Dated: October 26, 2018

14 /s/ Laura L. Myers

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16 Lauren A. Deeb (SBN 234143)

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26 Attorneys for SwedSafe AB

FILER'S ATTESTATION

I, Joseph M. Paunovich, am the ECF user whose ID and password were used to file this Joint Rule 26(f) Report. Pursuant to L.R. 5-4.3.4.(a)(2), I hereby attest that counsel for Defendant concurred in the filing of this document.

By /s/ Joseph M. Paunovich

Exhibit A

Moldex-Metric, Inc. v. SwedSafe AB, No. 18-cv-03502-JFW (AGRx)

| EVENT | PARTIES' STIPULATED PROPOSED DATES |
|---|---------------------------------------|
| Fact Discovery Begins | October 10, 2018 |
| Joint 26(f) Report due | October 26, 2018 (Dkt. 28) |
| Exchange of Initial Disclosures pursuant to Rule 26(a) | November 2, 2018 |
| Case Management Conference | November 5, 2018, 1:15 p.m. (Dkt. 28) |
| Interim Status Report and Deadline for Amendment of Pleadings and Joinder of New Parties | January 28, 2019 |
| Completion of Document Production | February 4, 2019 |
| Mediation Deadline | February 18, 2019 |
| Post-Mediation Status Conference | February 28, 2019 |
| Fact Discovery Complete ¹ | April 1, 2019 |
| Opening Expert Reports (reports for issues on which a party bears the burden of proof) | April 29, 2019 |
| Rebuttal Expert Reports (reports for issues on which a party does not bear the burden of proof) | May 20, 2019 |
| Expert Discovery Complete | June 17, 2019 |
| Summary Judgment and <i>Daubert</i> Motions Due | July 15, 2019 |
| Oppositions to Summary Judgment and <i>Daubert</i> Motions Due | August 5, 2019 |

¹ The parties reserve the right to seek an extension of this deadline to complete all outstanding discovery, including to accommodate any required third-party discovery.

| EVENT | PARTIES' STIPULATED PROPOSED DATES |
|--|---------------------------------------|
| Replies to Summary Judgment and <i>Daubert</i> Motions Due | August 19, 2019 |
| Hearing on Summary Judgment and <i>Daubert</i> Motions | September 9, 2019 |
| File Memo of Contentions of Fact and Law (LR 16-4), Exhibit and Witness Lists (LR 16-5,6) and Motions <i>in Limine</i> Due | September 30, 2019 |
| Lodge Pretrial Conference Order (LR 16-7), File Proposed Jury Instructions and Verdict Forms and Oppositions to Motions <i>in Limine</i> Due | October 7, 2019 |
| Final Pretrial Conference and Hearing on Motions <i>in Limine</i> | October 21, 2019 |
| Jury Trial | November 18, 2019 |